

# DIR Fee Relief: Reducing Costs, Improving Health

Direct and indirect remuneration (DIR) fees are loopholes used by payers to claw back reimbursement paid to pharmacies for prescriptions. DIR fees result in higher cost-sharing for patients. This negatively affects "medication adherence" - it dissuades people from taking medications as prescribed. This leads to diminished health, reliance on more costly treatment, and higher overall healthcare costs.

The Centers for Medicare & Medicaid Services (CMS) recognizes that "when pharmacy price concessions are not reflected in the price of a drug at the point of sale, [patients] do not benefit through a reduction in the amount they must pay in cost-sharing, and thus, end up paying a larger share of the actual cost of a drug." *83 Fed. Reg. 231, 62174 (published Nov. 30, 2018)*

## DIR reform reduces patient cost sharing for medications.

Reforming pharmacy DIR fees will save patients \$7.1 to \$9.2 billion over 10 years.

*83 Fed. Reg. 231, 62154 (published Nov. 30, 2018)*



## DIR reform increases the likelihood that patients take their medications as prescribed.

A review of 160 studies revealed that medication adherence significantly decreases as the medication cost to the patient increases.

*Eddy MT, et al. "How patient cost-sharing trends affect adherence and outcomes." Pharmacy & Therapeutics, January 2012.*



## DIR reform allows patients to stay healthier, and avoid more costly care.

Disease-specific cost of non-adherence is estimated up to \$44,190 per person, and costs attributed to 'all causes' non-adherence is estimated up to \$52,341 per person.

*Cutler RL, et al. "Economic impact of medication non-adherence by disease groups: a systematic review." BMJ Open, January 2018.*



## DIR reform lowers overall healthcare costs, saving the federal government money.

If 25% of hypertension patients who were non-adherent became adherent, Medicare could save nearly \$14 billion annually, averting over 100,000 emergency room visits and 7 million inpatient hospital days.

*Lloyd JT, et al. "How much does medication nonadherence cost the Medicare Fee-for-Service Program?" Medical Care, January 2019.*

